

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2012

February 5, 2013  
Sojitz Corporation

## Results Highlights

1. The economic environment remained adverse, with no improvement in the slowdown in European and emerging-market economies, including China. The Japanese economy began to show signs of recovery as the yen weakened and stocks rallied in response to the new administration in December. Net sales, gross profit, and ordinary income for the first three quarters of the fiscal year ending March 31, 2013 all declined year on year as a result of reduced demand for and lower prices of commodities in which Sojitz Corporation trades. Net income, however, increased year on year due to the non-recurrence of the year-earlier reversal of deferred tax assets in response to corporate tax reform. (Figures in brackets represent year-over-year changes)

Net sales: 2,948.1 billion yen (-352.5 billion yen / -10.7%)  
- Decrease in net sales from Consumer Lifestyle Business due to decrease in trading volumes of cigarettes and marine products  
- Decrease in net sales from Machinery due to rebound in large plant year-over-year exports  
- Decrease in Energy & Metals due to decrease in resource prices and trading volumes

Gross profit: 141.1 billion yen (-15.6 billion yen / -10.0%)  
- Decrease in Energy & Metals due to decrease in commodity prices and trading volumes  
- Decrease in Chemicals due to decline in demand in Europe, China and other parts of Asia

Ordinary income: 19.8 billion yen (-18.7 billion yen / -48.7%)  
- Operating income decreased due to decrease in gross profit  
- Decrease in equity in earnings of affiliates

Net income: 11.0 billion yen (+24.5 billion yen / -)  
- In spite of a decrease in ordinary income, net income increased due to the non-recurrence of the year-earlier reversal of deferred tax assets

2. Earnings forecast for the fiscal year ending March 31, 2013 (released on November 2, 2012)

Net sales 4,100.0 billion yen  
Operating income 36.0 billion yen  
Ordinary income 32.0 billion yen  
Net income 10.0 billion yen

Initial assumptions:  
- Exchange rate (annual average: JPY/US\$) = 79  
- Crude oil price (US\$/BBL) = 110 (Brent)

3. Cash dividend per common stock for the fiscal year ending March 31, 2013

Interim: 1.50 yen per share  
Year-end: 1.50 yen per share (forecast)

## Consolidated Statements of Income

(Billions of yen)

	FY2012			FY2011		Reasons for change	FY2012 Forecast	
	Results	1st Half	3rd Quarter	Results	Change a-b		c	Percentage achieved a/c
Net sales	2,948.1	1,952.6	995.5	3,300.6	(352.5)	Consumer Lifestyle Business (132.6) Machinery (79.5) Energy & Metal (75.3) Chemicals (63.3)	4,100.0	72%
Gross profit	141.1	94.8	46.3	156.7	(15.6)	Energy & Metal (11.5) Chemicals (4.3) Machinery (2.2) Consumer Lifestyle Business 0.6	194.0	73%
Gross profit margin	4.79%	4.86%	4.65%	4.75%	0.04%			
Personnel expenses	(61.0)	(40.2)	(20.8)	(60.1)	(0.9)			
Non-personnel expenses	(48.0)	(32.1)	(15.9)	(47.1)	(0.9)			
Depreciation	(5.0)	(3.4)	(1.6)	(4.5)	(0.5)			
Subtotal	(114.0)	(75.7)	(38.3)	(111.7)	(2.3)			
Provision of allowance for doubtful accounts	0.6	0.4	0.2	(2.3)	2.9			
Amortization of goodwill	(4.0)	(2.7)	(1.3)	(4.1)	0.1			
Total selling, general and administrative expenses	(117.4)	(78.0)	(39.4)	(118.1)	0.7		(158.0)	74%
Operating income	23.7	16.8	6.9	38.6	(14.9)		36.0	66%
Operating income margin	0.80%	0.86%	0.69%	1.17%	(0.37%)		0.88%	
Interest income	3.7	2.5	1.2	3.6	0.1			
Interest expenses	(15.9)	(10.8)	(5.1)	(17.6)	1.7			
Interest expenses - net	(12.2)	(8.3)	(3.9)	(14.0)	1.8			
Dividend income	2.2	1.7	0.5	2.6	(0.4)			
Net financial revenue	(10.0)	(6.6)	(3.4)	(11.4)	1.4			
Equity in earnings of affiliates	5.0	4.3	0.7	10.1	(5.1)	Bioethanol production company (2.1), Nickel refinery company (0.8)		
Other income and expenses - net	1.1	1.3	(0.2)	1.2	(0.1)			
Non operating income/losses - net	(3.9)	(1.0)	(2.9)	(0.1)	(3.8)		(4.0)	-
Ordinary income	19.8	15.8	4.0	38.5	(18.7)		32.0	62%
Gain on sales of noncurrent assets	1.3	1.2	0.1					
Gain on sales of investment securities	8.2	5.7	2.5			Gain on sales of overseas investment		
Total extraordinary income	9.5	6.9	2.6	5.9	3.6			
Impairment loss	(1.7)	(0.4)	(1.3)					
Loss on revaluation of securities	(2.1)	(11.7)	9.6			Loss on listed stock due to a decline in stock prices		
Provision for loss on litigation	(0.6)	(0.6)	-					
Loss, and provision for loss, on dissolution of subsidiaries and affiliates	(0.8)	(0.2)	(0.6)					
Other extraordinary losses	(0.3)	(0.3)	0.0					
Total extraordinary losses	(5.5)	(13.2)	7.7	(13.8)	8.3			
(Extraordinary income/losses - net)	4.0	(6.3)	10.3	(7.9)	11.9		(8.0)	-
Income before income taxes and minority interests	23.8	9.5	14.3	30.6	(6.8)		24.0	99%
Income taxes: Current	(6.8)	(5.7)	(1.1)	(9.9)	3.1			
Deferred	(2.9)	1.6	(4.5)	(31.8)	28.9	Non-recurrence of the year-earlier reversal of deferred tax assets in response to corporate tax reform		
Total income taxes	(9.7)	(4.1)	(5.6)	(41.7)	32.0			
Income before minority interests	14.1	5.4	8.7	(11.1)	25.2		13.5	104%
Minority interests in income	(3.1)	(2.4)	(0.7)	(2.4)	(0.7)			
Net income (loss)	11.0	3.0	8.0	(13.5)	24.5		10.0	110%
Core earnings	18.1	14.1	4.0	39.6	(21.5)			

## Consolidated Balance Sheets and Principal Management Indices

(Billions of yen, except ratio data)

	Dec. 31	Mar. 31	Change d-e	Reasons for change
	2012	2012		
	d	e		
<b>Current assets</b>	1,254.1	1,298.1	(44.0)	
Cash and deposits	419.9	442.7	(22.8)	Decrease due to redemption of bonds
Notes and accounts receivable - trade	476.9	490.7	(13.8)	Decrease in chemicals-related business
Short-term investment securities	0.1	1.3	(1.2)	
Inventories	271.4	270.6	0.8	
Short-term loans receivable	5.2	5.7	(0.5)	
Deferred tax assets	6.2	4.6	1.6	
Other	77.8	88.1	(10.3)	Decrease due to decrease in advance payments
Allowance for doubtful accounts	(3.4)	(5.6)	2.2	
<b>Noncurrent assets</b>	800.0	822.2	(22.2)	
Property, plant and equipment	239.5	233.3	6.2	
Goodwill	41.0	44.6	(3.6)	
Intangible assets	83.9	79.9	4.0	
Investment securities	298.3	313.9	(15.6)	Decrease due to decline in stock prices, etc.
Long-term loans receivable	24.5	22.4	2.1	
Bad debts	60.4	68.2	(7.8)	
Deferred tax assets	17.8	22.4	(4.6)	
Real estate for investment	31.6	31.9	(0.3)	
Other	48.7	52.8	(4.1)	
Allowance for doubtful accounts	(45.7)	(47.2)	1.5	
<b>Deferred assets</b>	0.2	0.3	(0.1)	
<b>Total assets</b>	2,054.3	2,120.6	(66.3)	
<b>Liabilities</b>	898.8	947.4	(48.6)	
Notes and accounts payable - trade	444.9	461.8	(16.9)	Decrease in chemicals-related and oil-related business
Short-term loans payable	271.0	282.5	(11.5)	Increase due to reclassification of current portion and decrease in loan repayments
Commercial paper	2.0	2.0	-	
Current portion of bonds	30.0	35.0	(5.0)	Reclassification of current portion +30.0, redemption (35.0)
Other	150.9	166.1	(15.2)	Decrease due to decrease in advances received from customers
<b>Noncurrent liabilities</b>	809.8	842.7	(32.9)	
Bonds payable	60.0	80.0	(20.0)	Reclassification of current portion (30.0), issuance +10.0
Long-term loans payable	678.8	691.0	(12.2)	Decrease due to reclassification of current portion
Provision for retirement benefits	15.6	14.2	1.4	
Other	55.4	57.5	(2.1)	
<b>Total liabilities</b>	1,708.6	1,790.1	(81.5)	
Capital stock	160.3	160.3	-	
Capital surplus	152.2	152.2	-	
Retained earnings	159.5	151.7	7.8	Net income +11.0, dividends (3.8)
Treasury stock	(0.2)	(0.2)	0.0	
<b>Total shareholders' equity</b>	471.8	464.0	7.8	
Valuation difference on available-for-sale securities	3.3	7.6	(4.3)	Decrease due to fluctuations in stock prices, etc.
Deferred gains or losses on hedges	1.8	0.9	0.9	
Revaluation reserve for land	(2.2)	(2.1)	(0.1)	
Foreign currency translation adjustment	(155.4)	(163.6)	8.2	Increase due to fluctuations in foreign exchange rate
Unfunded retirement benefit obligation with respect to foreign consolidated companies	(0.9)	(0.9)	0.0	
<b>Total other comprehensive income</b>	(153.4)	(158.1)	4.7	
Minority interests	27.3	24.6	2.7	
<b>Total net assets</b>	345.7	330.5	15.2	
<b>Total liabilities and net assets</b>	2,054.3	2,120.6	(66.3)	
<b>Gross interest-bearing debt</b>	1,041.8	1,090.5	(48.7)	
<b>Net interest-bearing debt</b>	621.9	647.8	(25.9)	
<b>Net debt/equity ratio (times)</b>	* 1.95	* 2.12	(0.17)	*The figure for equity used as the denominator in the debt/equity ratio and the numerator in the equity ratio excludes minority interests.
<b>Equity ratio</b>	* 15.5%	* 14.4%	1.1%	
<b>Current ratio</b>	139.5%	137.0%	2.5%	
<b>Long-term debt ratio</b>	70.9%	70.7%	0.2%	

## Consolidated Statements of Comprehensive Income

	FY2012			FY2011
	Results	1st Half	3rd Quarter	
Income before minority interests	14.1	5.4	8.7	(11.1)
Other comprehensive income	5.6	(17.0)	22.6	(45.3)
Comprehensive income	19.7	(11.6)	31.3	(56.4)
(Breakdown)				
Comprehensive income attributable to owners of the parent	15.8	(13.9)	29.7	(58.2)
Comprehensive income attributable to minority interests	3.9	2.3	1.6	1.8

## Consolidated Statements of Cash Flows

	FY2012		FY2011
	9-month	9-month	
Cash Flows from Operating Activities	42.7	40.2	
Cash Flows from Investing Activities	(16.0)	(44.4)	
(Free Cash Flows)	26.7	(4.2)	
Cash Flows from Financial Activities	(58.1)	(32.7)	
Cash and Cash Equivalents at the End of the Year	400.5	370.8	

### Notes:

1. From this fiscal year, the domestic real estate business was reclassified from the Consumer Lifestyle Business division to the Other segment. In addition, the former Chemicals and Functional Materials division was changed to the Chemicals division. In the above-mentioned Consolidated Statements of Income, each segment's amount increase or decrease is based on calculations performed after changes to the business segments.

### 2. Core earnings

Core earnings = Operating income (before provision of allowance for doubtful accounts and write-offs) + Interest expenses-net + Dividend income + Equity in earnings of affiliates

### 3. Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

# Highlights of Consolidated Financial Results for the Third Quarter Ended December 31, 2012 - Supplementary Material

February 5, 2013  
Sojitz Corporation

(Billions of Yen)

P/L					
	FY2012 9-month Results *1	FY2011 9-month Results *1	Change	FY2012 Full-year Forecast (as of Nov. 2, 2012)	Achieved
<b>Net sales</b>	<b>2,948.1</b>	<b>3,300.6</b>	(352.5)	<b>4,100.0</b>	71.9%
<b>Gross profit</b>	<b>141.1</b>	<b>156.7</b>	(15.6)	<b>194.0</b>	72.7%
Gross profit margin	4.79%	4.75%	0.04%	4.73%	
Machinery	47.5	49.7	(2.2)	65.0	73.1%
Energy & Metal	24.4	35.9	(11.5)	32.0	76.3%
Chemicals	25.4	29.7	(4.3)	37.0	68.6%
Consumer Lifestyle Business	38.6	38.0	0.6	54.5	70.8%
Other	5.2	3.4	1.8	5.5	94.5%
<b>Selling, general and administrative expenses</b>	<b>(117.4)</b>	<b>(118.1)</b>	0.7	<b>(158.0)</b>	74.3%
<b>Operating income</b>	<b>23.7</b>	<b>38.6</b>	(14.9)	<b>36.0</b>	65.8%
Operating income margin	0.80%	1.17%	(0.37%)	0.88%	
<b>Non-operating income/expenses - net</b>	<b>(3.9)</b>	<b>(0.1)</b>	(3.8)	<b>(4.0)</b>	-
<b>Ordinary income</b>	<b>19.8</b>	<b>38.5</b>	(18.7)	<b>32.0</b>	61.9%
Ordinary income margin	0.67%	1.17%	(0.50%)	0.78%	
Machinery	1.4	6.4	(5.0)	5.0	28.0%
Energy & Metal	2.7	16.5	(13.8)	8.0	33.8%
Chemicals	4.5	7.9	(3.4)	8.0	56.3%
Consumer Lifestyle Business	8.8	7.6	1.2	11.0	80.0%
Other	2.4	0.1	2.3	0.0	-
<b>Extraordinary income/losses - net</b>	<b>4.0</b>	<b>(7.9)</b>	11.9	<b>(8.0)</b>	-
Income before income taxes and minority interests	<b>23.8</b>	<b>30.6</b>	(6.8)	<b>24.0</b>	99.2%
Income before minority interests	<b>14.1</b>	<b>(11.1)</b>	25.2	<b>13.5</b>	104.4%
<b>Net income (loss)</b>	<b>11.0</b>	<b>(13.5)</b>	24.5	<b>10.0</b>	110.0%
Machinery	1.8	2.7	(0.9)	3.0	60.0%
Energy & Metal	1.7	14.6	(12.9)	3.0	56.7%
Chemicals	1.9	4.7	(2.8)	4.5	42.2%
Consumer Lifestyle Business	4.9	2.1	2.8	6.0	81.7%
Other	0.7	(37.6)	38.3	(6.5)	-
<b>Core earnings *2</b>	<b>18.1</b>	<b>39.6</b>	(21.5)	<b>33.5</b>	

\*1 Effective from the fiscal year ending March 31, 2013, the domestic real estate business was reclassified from the Consumer Lifestyle Business Division to the Other segment. In addition, the former Chemicals and Functional Materials division changed to the Chemicals division. The results for the 9 months ended December 31, 2011, and December 31, 2012 are stated based on the business divisions after the changes were made.

\*2 Core earnings = Operating income (before provision of allowance for doubtful accounts and write-offs) + Interest expenses-net  
+ Dividend income + Equity in earnings of affiliates

(Billions of Yen)

B/S				
	Dec. 31, 2012	Mar. 31, 2012	Change	Mar. 31, 2012 Revised Full-year Forecast (Feb. 5, 2013)
<b>Total assets</b>	<b>2,054.3</b>	<b>2,120.6</b>	(66.3)	<b>2,060.0</b>
<b>Total equity *3</b>	<b>318.4</b>	<b>305.9</b>	12.5	<b>315.0</b>
Total net assets	345.7	330.5	15.2	-
<b>Equity ratio (%)</b>	<b>15.5%</b>	<b>14.4%</b>	1.1%	<b>15.3%</b>
<b>Net interest-bearing debt</b>	<b>621.9</b>	<b>647.8</b>	(25.9)	<b>640.0</b>
<b>Net D/E ratio (times)</b>	<b>1.95</b>	<b>2.12</b>	(0.17)	<b>2.0</b>
Net D/E ratio based on total net assets (times)	1.80	(1.96)	(0.16)	-
<b>Risk assets</b>	<b>290.0</b>	<b>300.0</b>	(10.0)	-
<b>Ratio of risk assets to equity (times)</b>	<b>0.9</b>	<b>1.0</b>	(0.1)	-

\*3 Total equity = Total net assets - Minority interests

\*4 Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by forward-looking statements due to various factors including changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements. The Company will provide timely disclosure of any material changes, events, or other relevant issues.

## Main factors behind changes

### Machinery Division

- Despite an increased number of vehicles sold by some overseas automobile businesses, earnings decreased due to the increase in selling, general, and administrative expenses and a decrease in trading volumes in plant and shipping-related businesses.

### Energy & Metal Division

- Gross profit decreased due to factors including declines in the prices of mineral resources, a decrease in production volume for certain interests and concessions, and cost increases.  
- Equity in earnings of affiliates attributable to a bioethanol production company and a nickel refining company decreased, contributing to a decrease in ordinary income and net income.

### Chemicals Division

- Earnings decreased due to a decrease in sales prices and a decrease in trading volumes arising from a decline in demand mainly in Europe, China, and other parts of Asia.

### Consumer Lifestyle Business Division

- Ordinary income and net income increased due to increases in trading volumes in the overseas fertilizer businesses and sales contributions of the overseas industrial park-related business.

### Other

- Earnings improved due to the non-recurrence of the year-earlier real-estate related valuation losses and reversal of deferred tax assets.

## FY2012 current position and outlook

### Machinery Division

- Despite a strong showing in the automobile business in some regions overseas, overall performance is unlikely to meet the full-year target due to low trading volumes in plant and IT-related businesses.

### Energy & Metal Division

- Although the crude oil price remained firm, progress is expected to be short of the full-year target due to the impact of factors such as the decline in prices of mineral resources.

### Chemicals Division

- Despite the continual strong performance of the methanol business, progress is expected to be short of the full-year target due to a decrease in trading volumes stemming from declining demand for other products.

### Consumer Lifestyle Business Division

- We expect to exceed our full-year target on the strength of a strong performance in the overseas fertilizer and industrial park-related businesses in particular.

### Other

- Performance is expected to be in accordance with the outlook.

## Commodity Prices and Exchange Rates

	2011 Results (Annual Average)	FY2012 Assumption (2nd half)	FY2012 Results Apr.-Sep. '12 Avg.	FY2012 Results Oct.-Dec. '12 Avg.	FY2012 Results Apr.-Dec. '12 Avg.
<b>Crude oil (Brent) **1</b> (\$/bbl)	\$111.3/bbl	\$110/bbl	\$109.0/bbl	\$110.1/bbl	\$109.3/bbl
<b>Thermal Coal</b> (\$/t)	\$121.3/t	\$96.5/t	\$93.1/t	\$89.6/t	\$91.9/t
<b>Molybdenum</b> (\$/lb)	\$15.5/lb	\$13.8/lb	\$12.9/lb	\$11.2/lb	\$12.3/lb
<b>Nickel **2</b> (\$/lb)	\$10.4/lb	\$8.0/lb	Jan. -Jun. Avg. \$8.3/lb	Jul. -Sep. Avg. \$7.4/lb	Jan. -Sep. Avg. \$8.0/lb
<b>Copper **2</b> (\$/t)	\$8,821/t	\$7,690/t	Jan. -Jun. Avg. \$8,090/t	Jul. -Sep. Avg. \$7,718/t	Jan. -Sep. Avg. \$7,966/t
<b>Exchange rate **3</b> (¥/\$)	¥79.5/\$	¥79.0/\$ **4	¥79.0/\$	¥82.8/\$	¥80.2/\$

\*\*1 Impact of fluctuations in the crude oil price on earnings: A \$1/bbl change alters ordinary income by approx. ¥0.2 billion.

\*\*2 The price assumptions of Nickel and Copper are based on the annual average from Jan. to Dec.

\*\*3 Impact of fluctuations in the exchange rate on earnings: A ¥1/US\$ change alters net sales by approx. ¥5.0 billion, ordinary income by approx. ¥0.2 billion, and total equity by approx. ¥1.2 billion.

\*\*4 Exchange rate is based on the annual average